GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:242
ANSWERED ON:08.12.2006
FUNCTIONING OF RRBS
Chaudhary Shri Pankaj

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government has assessed the working of Regional Rural Banks (RRBs);

(b) if so, the details thereof;

(c) whether the Government proposes to formulate any plan for improvement in the functioning of these banks;

(d) if so, the derails thereof; and

(e) the time by which a final decision is likely to be taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO LOK SABHA STARRED QUESTION NO.#242 FOR 8TH DECEMBER 2006 REGARDING FUNCTIONING OF RRBs, TABLED BY SHRI PANKAJ CHOWDHARY, MEMBER OF PARLIAMENT.

(a)and (b):- The peiformance of Regional Rural Banks(RRBs) is reviewed every year by the National Bank for Agriculture and Rural Development ABARD) and a Consolidated Review of RRBs is also, laid on the Table of both Houses of Parliament. Concerted institutional strengthening measures, including other supportive action like capacity building of staff etc. by NABARD and sponsor banks have enabled RRBs to improve their performance. The review of performance for the period ended 31st Marci, 2006 on certain parameters is given below;-

(Rs. in crores)

S.No.	Parameters	2004-05	2005-06#
1	Business Level	95013.00	111041.00
2	Deposit Outstanding	62143.00	71329.00
3	Loans Outstanding	32870.00	39713.00
4	Loss Making RRBs	30	22
5	Amount Of Accumulated Losses	2715.00	2626.47
6	Loans disbursed for Agriculture	11926.82	15183.00
7	Gross NPA (percentage)	8.53	7.28
8	Net NPA (percentage)	5.15	3.90

Data for 2005-06 is provisional.

(c),(d) and (e): - The sponsor banks have been made squarely responsible for the performance of the RRBs. In order to strengthen and improve the viability of RRBs, the Government initiated a process for structural consolidation of RRBs by amalgamating RRBs sponsored by the same bank within a State. The amalgamated RRBs would provide better customer service due to better infrastructure, computerization of branches, pooling of experienced work force, common publicity and marketing efforts etc. As on date, notifications for amalgamation of 137 RRBs into 43 entities have already been issued. As a result thereof, the number of RRBs has been reduced from 196 to 102.